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ABSTRACT

This report summarizes Colorado student aid program expenditures for 1992-93. The report reveals that: (1) the Colorado General Assembly provided \$37.2 million for Colorado student aid programs for the 1992-93 fiscal year; (2) the total number of state aid awards and the average award increased in 1992-93 to an average of \$908; (3) financial aid recipients with reported family incomes of less than \$25,000 comprised 69.8 percent of all financial aid recipients; (4) minority students comprised 26.0 percent of Colorado student aid recipients and received 27.6 percent of Colorado aid funds, an increase over 1991-92 when minorities comprised 24.2 percent of Colorado aid recipients and received 25.7 percent of state funds; (5) the percentage of state aid recipients attending college part-time increased in 1992-93; (6) most recipients (90.9 percent) were full-time students; (7) 97.7 percent of the recipients were Colorado residents; (8) 54.8 percent of the recipients were independent students; (9) most recipients (89.2 percent) attended publicly-supported schools; and (10) most recipients (55.3 percent) were female. An explanation of the various types of student financial aid offered in Colorado is also provided. These include: need based grants, merit based grants, Colorado work-study, diversity grants, required federal match grants, the Colorado nursing scholarship program, and categorical programs. (GLR)

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COLORADO COMMISSION ON HIGHER EDUCATION

State-Funded Student Financial Assistance
1992-93

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EXECUTIVE SUMMARY

This report summarizes Colorado student aid program expenditures for 1992-93. Highlights of this report include:

- The Colorado General Assembly provided \$37,228,197 for Colorado student aid programs for the 1992-93 fiscal year. This represents an increase of 6.9% over 1991-92. Increases in funding for financial aid have averaged 7.6% over the past five years. Student enrollment has increased an average of 2.8%, and inflation has increased an average of 3.6% over the same time period.
- The total number of state aid awards and the average award increased in 1992-93. In 1991-92, 29,800 students received 37,417 state aid awards. The average award was \$897. In 1992-93, 30,548 students received 39,147 state aid awards, averaging \$908.
- Financial aid recipients with reported family incomes of less than \$25,000 comprised 70.6% of need-based recipients, and 69.8% of all financial aid recipients. The average reported family income of need-based recipients was \$19,359. The average reported family income of all financial aid recipients was \$20,021.
- Minority students comprised 26.0% of Colorado student aid recipients and received 27.6% of Colorado aid funds. This is an increase over 1991-92, when minorities comprised 24.2% of Colorado aid recipients and received 25.7% of state funds. Statewide, minority students comprised 18.3% of total student enrollment in 1992-93.
- The percentage of state aid recipients attending part-time increased in 1992-93. Most recipients (90.9%) were full-time students, while those attending part-time comprised 9.1% of state aid recipients. Part-time students comprised 8.7% of recipients in 1991-92, and only 4.0% in 1990-91.
- Other characteristics of Colorado student aid recipients include:

Most recipients were Colorado residents (97.7%). Non-resident students are eligible for Undergraduate Merit awards and Graduate Fellowship awards. CCHE policy prohibits schools from awarding more than 15% of their total Merit-Based funds to non-residents.

Most recipients were independent students (54.8%). Federal regulations define an independent student as someone who is either 24 years of age, married, a veteran of the armed services, enrolled in a graduate program, a ward of the court (or has no living parents), or someone who themselves has dependents.

INTRODUCTION

The 1992 Colorado General Assembly provided \$37,228,197 for Colorado student financial aid funding in the 1992-93 fiscal year. Authorization for these appropriations is found in 23-3.3-102 and 23-3.5-103, C.R.S. These funds are allocated to public, independent and proprietary schools based on policies and procedures for the administration of the funds contained in the Colorado Handbook for State-Funded Student Assistance Programs published by the Commission. The Commission allocates the funds appropriated for need-based grants, merit-based grants, work-study programs, and required federal match among participating colleges and universities in Colorado. The institutions make awards to students based on statutory and Commission policy requirements. As a part of those requirements, institutions must submit an annual report of funds to the Commission. In turn, the Commission notifies the Joint Budget Committee of expenditures for the previous year.

In addition to the student aid provided by the Colorado General Assembly, major amounts of funding are provided by the federal government, and by the private banking community through the Stafford Student Loan Program (formerly the Guaranteed Student Loan Program). Institutional and privately funded student financial aid, as well as federal veterans benefits also assist students in meeting their educational expenses. Thus, the sources of financial aid available to students attending colleges and universities are as follows:

- | | | |
|---------|---|---|
| State | - | those funds provided by the Colorado General Assembly and authorized in C.R.S. 23-3.3-102 through 23-3.3-106, which include need-based grants, merit-based grants, Colorado Work-Study, Diversity Grant, State Student Incentive Grant, Colorado Nursing Scholarship, and categorical programs; |
| Federal | - | grant, scholarship, work-study, and loan funds, including student loans administered by the Colorado Student Loan Program, authorized in Title IV of the Higher Education Act as amended; and |
| Other | - | scholarship, loan, and work-study programs provided by institutions and private organizations. |
| NOTE: | - | For purposes of tables in this report, federal aid has been further divided into "federal," including scholarship, grant, work and loan administered by the campuses, and "loan" referring to GSL/SLS/PLUS. |

In 1992-93, the largest share of financial aid in Colorado was provided through loans and federal aid (47.8% and 24.9%, respectively). Institutions and private organizations contribute 20.0% of the total aid awarded. Colorado state programs provide 7.4% of the aid available in Colorado. Figure 1A illustrates sources of financial aid in Colorado. Sources of financial aid are further elaborated in Table 1.

Figure 1A

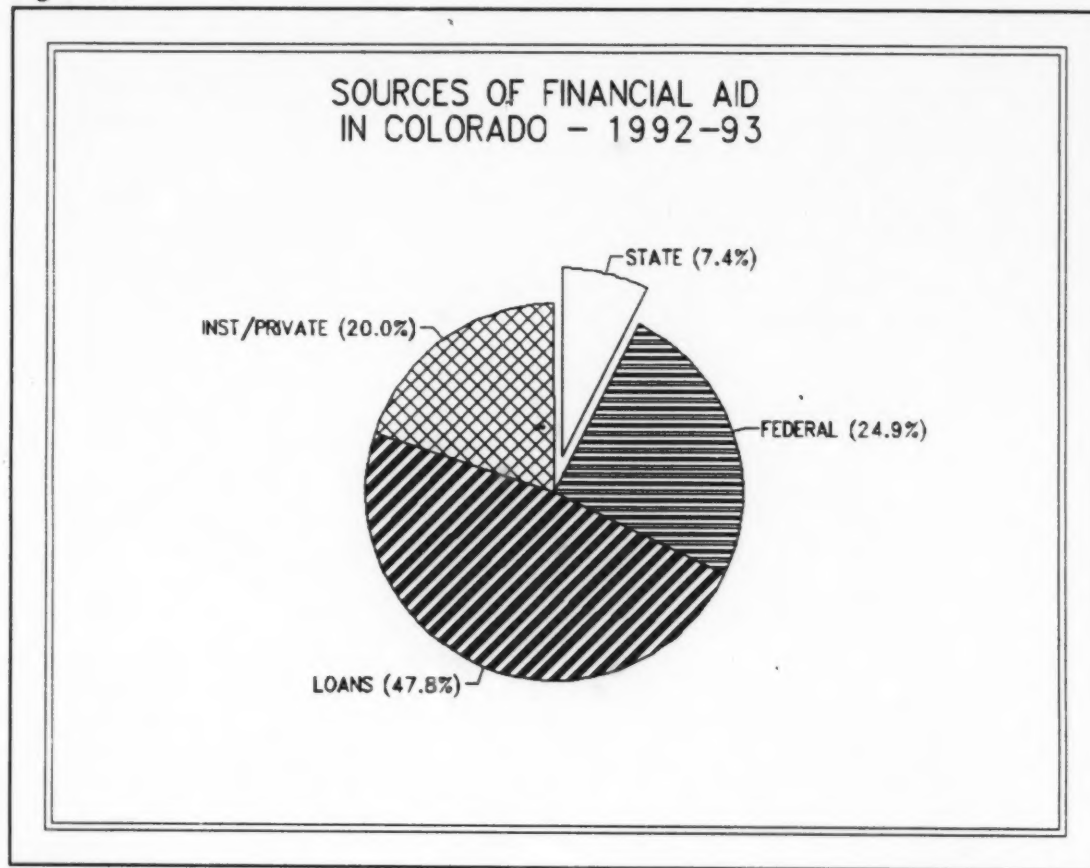
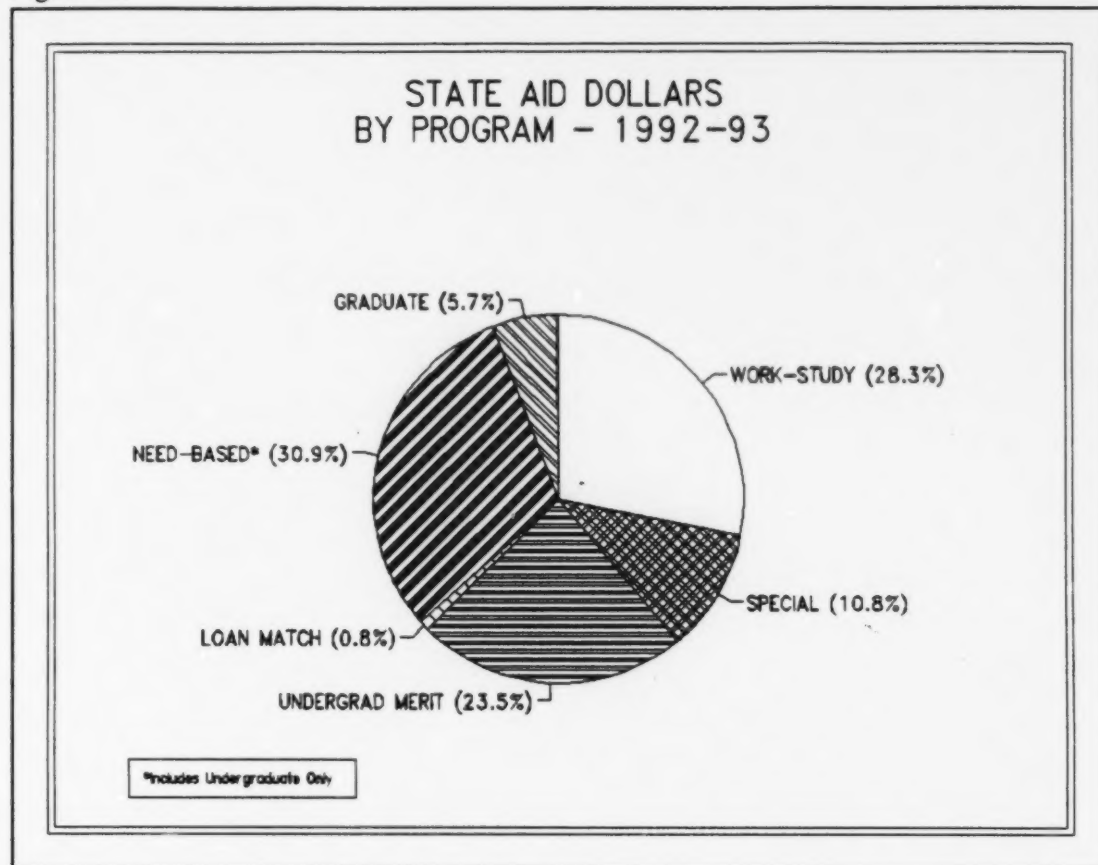


Figure 1A

Approximately 30.9% of state student aid funded undergraduate need-based programs, 28.3% went to work-study, 23.5% to undergraduate merit, 5.7% to graduate grants and fellowships, 10.8% to special programs such as diversity grants, nursing scholarships, and other categorical programs. Less than 1% was used for federal loan match. Figure 1B provides detail on how the total appropriation was divided between programs.

Figure 1B



PURPOSES AND TYPES OF COLORADO FUNDING

Colorado student aid programs serve four main purposes: assisting students who cannot otherwise afford to attend college (need-based), recognizing and recruiting outstanding students (merit-based), meeting federal matching requirements, and responding to categorical needs (Law Enforcement/POW-MIA Dependents' Tuition Assistance, Veteran's Tuition Assistance, and the Colorado Nursing Scholarship).

Need-Based Grants:

Colorado Student Incentive Grant, Colorado Student Grant, Colorado Part Time Grant, and Colorado Graduate Grant programs are designed for students with demonstrated financial need. Need-based grants do not have to be repaid.

Financial need is determined by subtracting the student's estimated family contribution from the student's total cost of attendance on an annual basis. The estimated family contribution is determined through a federally specified methodology that assesses individual family financial strength on the basis of income, assets, and family size.

Merit-Based Grants:

Colorado Undergraduate Merit and Colorado Graduate Fellowship programs are provided to recognize outstanding achievement of students. In determining the students to whom merit awards are made, only student performance (as measured by grade point average or test scores) or recognized talent in a specific area (such as drama, music, athletics) are considered. Family financial circumstances are not a factor in the award decision. Students with documented financial need are not, however, prohibited from receiving merit awards, and applicants for merit awards are often encouraged to apply for need-based aid in order to ensure that they have the opportunity to meet their educational costs from a variety of sources.

Colorado Work-Study:

Work-Study is considered a form of "self-help" assistance, since the student is actually earning money to help meet educational costs. In Colorado, work aid can be considered both need-based and merit-based. The authorizing statute provides for no less than 70% of the Colorado Work-Study funds to be awarded to students with demonstrated financial need. Up to 30% may be awarded to students on a basis other than financial need.

Diversity Grants:

The Colorado Diversity Grant program is a statewide effort to increase diversity of the student population in the Colorado public higher education system. Because of different roles and missions among participating higher education institutions, the program is designed to permit variation in the areas of diversity that campuses wish to emphasize. While it is recommended

that financial need be a factor for eligibility, other factors may be included in selecting recipients. Such awards may be based on academic merit or talent, or be directed primarily to entering or continuing students as a part of recruitment and retention goals. Ethnicity is not the only selection criteria used for the grant.

Required Federal Match:

Two federal programs, the Perkins Student Loan Program and the State Student Incentive Grant*, require a matching appropriation in order to participate in the programs. Colorado provides the required match in order for Colorado students to receive the benefit of these programs.

Colorado Nursing Scholarship:

The Colorado Nursing Scholarship Program is designed to provide assistance to individuals wishing to pursue nursing education and who agree to practice nursing in Colorado upon completion of their education. Eligibility is limited to Colorado residents.

Categorical Programs:

Law Enforcement/POW/MIA Dependents Tuition Assistance is referred to as a categorical program. Eligibility is determined on the basis of service in the armed forces, law enforcement, or fire protection organization. The awards are based on statutory guidelines which were developed in recognition of service to the state.

*Because the administrative duties for the State Student Incentive Grant program are assigned to the Colorado Commission on Higher Education by the U.S. Secretary of Education, the program is named the Colorado Student Incentive Grant Program and funds are allocated to institutions to be used for need-based grants.

STATE AID APPROPRIATIONS

All programs experienced large increases in the early 1980s, especially work-study and merit scholarships. The total appropriation increased steadily until 1987-88 when most programs and the total appropriation decreased. The increase in 1988-89 compensated for the loss in 1987-88 and increased by 4.1 % over 1986-87 funding levels. In 1989-90, need, merit, and work-study funds were appropriated as a lump sum, and increased overall by 5.5 %. The 1990-91 financial aid increase (\$4,867,598) was the largest dollar increase ever, and the largest percentage increase since 1982-83. The 1993 General Assembly provided an even greater increase (\$5,006,926) for the 1993-94 fiscal year.

Colorado state aid has served an increasing number of students over the past five years. In 1988-89, 26,590 students received 34,445 awards. (Some students receive awards in multiple programs.) In 1992-93, 30,548 students received 39,147 awards. The number of recipients and awards has increased by 14.9 % and 13.7 %, respectively. Between 1988-89 and 1992-93, the state appropriation for financial aid increased 39.2 % from \$26,749,148 to \$37,228,197. Table 2, attached, reviews the history of financial aid appropriations since 1982-83.

ALLOCATING COLORADO STUDENT AID APPROPRIATIONS

The Commission allocates the funds appropriated for need-based grants, merit-based grants, work-study programs, and required federal match among participating colleges and universities in Colorado. The institutions make awards to students based on statutory and Commission policy requirements.

Because of the unique entitlement nature of the Law Enforcement/POW/MIA Dependents Tuition Assistance and the Veteran's Tuition Assistance programs, the Commission administers these programs centrally. Staff receive verification of enrollment and other criteria as required by policy and authorize payment directly to the institution on behalf of the student.

The statute authorizing the state student aid programs permits expenditures in any category to exceed the appropriation by up to 10% of the original appropriation, so long as total expenditures remain within the appropriation for all the student aid programs. This provision permits the most effective use of the funds by making it possible to reallocate funds in response to unanticipated increases in federal funding or changes in student attendance patterns.

Expenditures by program for 1992-93 are listed below:

	<u>Expenditures</u>
Need-Based Grants	\$12,404,934
Merit-Based Awards	\$9,703,444
Work-Study*	\$9,815,284
Diversity Grants	\$1,879,117
Required Federal Match	\$1,312,341
Colorado Nursing Grant	\$220,791
Native American Tuition Assistance	\$1,862,001
Law/POW Tuition Assistance	\$22,707
Balance at Year End	\$7,578
TOTAL	\$37,228,197

ESTIMATING STUDENT COSTS USING CCHE BUDGET PARAMETERS

The Colorado Handbook for State-Funded Student Assistance Programs provides guidelines for setting student budgets. The following information was used to estimate student expenses for 1992-93:

1. For public institutions, actual tuition and fees were used for undergraduate and graduate students. For non-public institutions, the actual tuition and mandatory fees at a group of comparable public institutions and a general fund offset mandated by HB 1182 were used.
2. The mid-point of the Commission parameters were used to estimate allowances for living expenses and books and supplies for all students. The living allowance was an estimate of room and board costs, and personal expenses such as clothing, laundry, and recreation. Each institution has the flexibility to award additional aid to students for other items such as child care and medical expenses. For 1992-93 allocations, standard budgets for nine-month undergraduate programs ranged from approximately \$7,490 at a community college, to \$8,106 at a four year college, to \$13,714 at an independent institution.
3. Tuition, fees, books and supplies were reduced by one-half for half-time students. Living expenses remain the same.

* includes \$30,491 work-study roll forward.

CHARACTERISTICS OF AID RECIPIENTS

The number of state awards increased from 30,321 in 1986-87 to 39,147 in 1992-93. The average award has increased from a low of \$771 in 1988-89, to \$931 in 1992-93. The number of awards granted increased from 1986-87 to 1992-93, with the exception of 1989-90.

Figure 2A

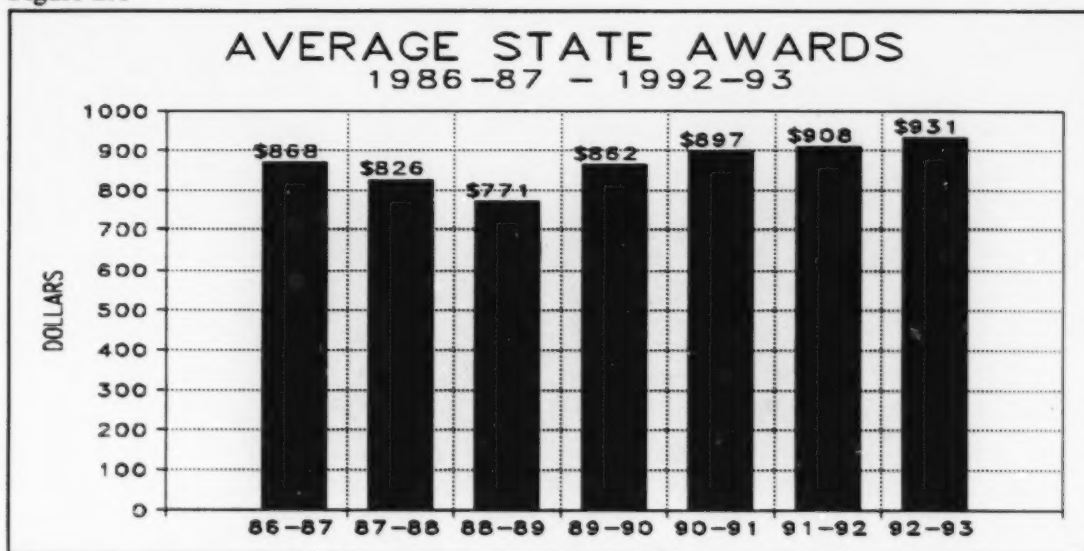
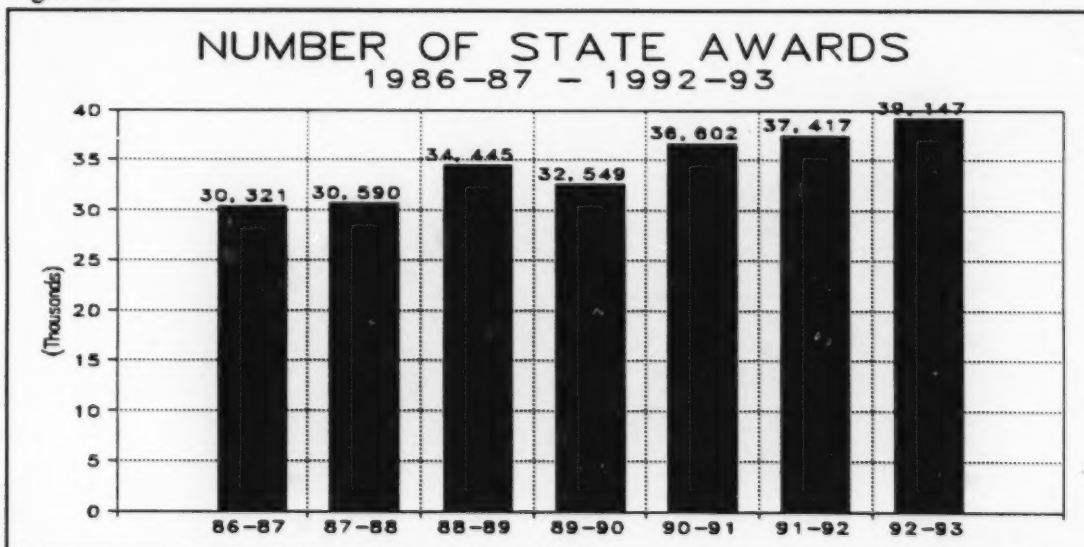
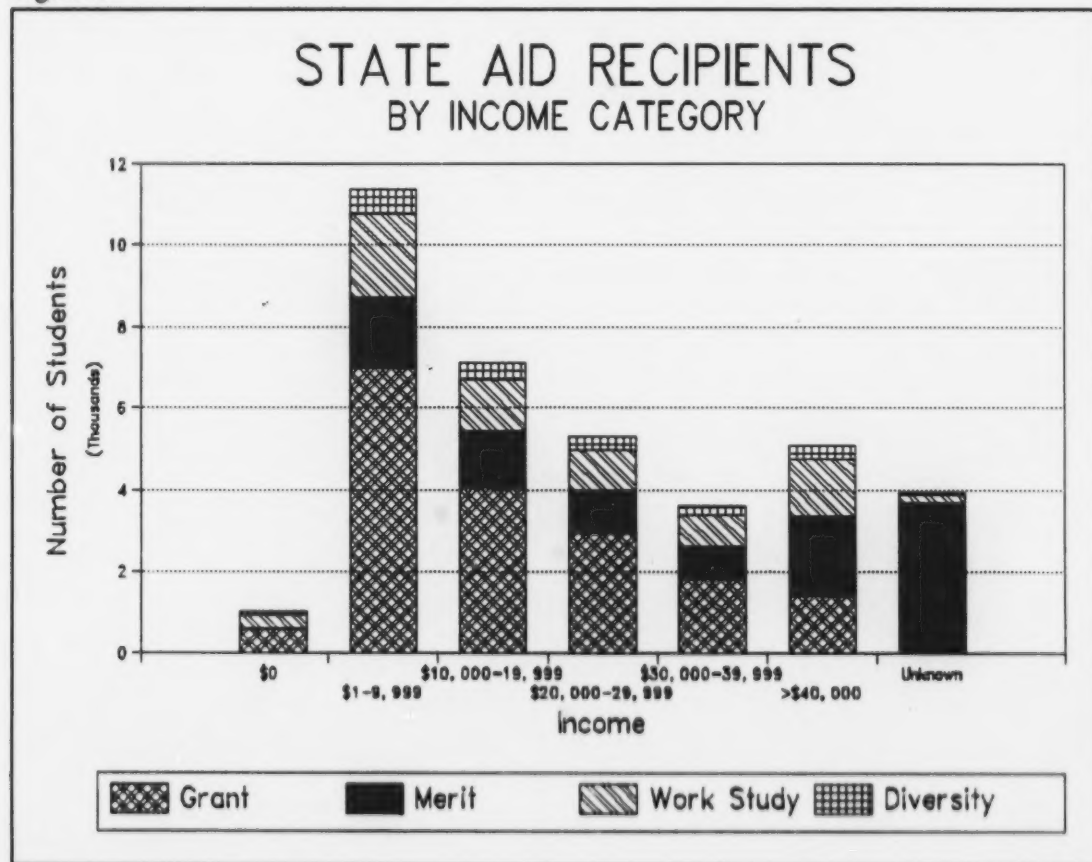


Figure 2B



Undergraduate students from lower economic levels (family income less than \$20,000) received a significant portion of need based grants (65.4%). They also received 53.9% of work-study awards, 56.4% of diversity awards and 44.8% of the merit awards. Thus, the programs designed to recognize outstanding achievement are also helping to meet student financial need. Distribution of state awards by income level are displayed in Figure 3.

Figure 3



Ethnic minorities received 27.6% of state funds awarded in 1992-93. A breakdown by program shows that minority students received 25.1% of all need-based funds, 16.6% of all merit-based funds, 32.4% of all work-study funds, and 74.6% of all Diversity Grant funds. Since students are not required to report ethnicity in order to receive aid from state funds, the ethnicity of a substantial number of recipients is not known.

Of student aid recipients, 54.8% were classified as independent students for 1992-93. In 1988-89, the distribution of state awards was affected by a national change in the methodology used to determine student's dependency status. Independent students (receiving no financial support from parents) increased 10% (from 40% to 50% of all students) that year. The trend has since stabilized, increasing to 54% in 1989-90, 53.2% in 1990-91, and 53.5% in 1991-92.

Nearly all recipients (97.7%) of Colorado student aid are resident students. Non-resident students are eligible only for limited amounts of merit-based awards at both the undergraduate and graduate level.

As in previous years, more women than men received student assistance in Colorado. They received 55.3% of all student aid funds in Colorado in 1992-93. Women also are the majority of statewide enrollment.

While part-time students are eligible for Colorado student aid programs, the majority of funds (90.9%) go to full-time students. In general, full-time students demonstrate a greater financial need due to their higher tuition burden. The percentage of part-time recipients, however, more than doubled since 1991, from 4% in 1990-91, to 8.7% in 1991-92. This is at least partially accounted for by the introduction of the Colorado Part Time Grant in 1991-92.

Students attending public institutions received 89.2% of all state aid in 1992-93. Students attending private and proprietary institutions have had access to all Colorado student aid programs since 1983-84. Participation had previously been limited to the Colorado Student Incentive Grant Program. The percentage of funds allocated to private and proprietary institutions remained stable, moving from 10.7% in 1990-91 to 10.5% in 1991-92, to 10.8% in 1992-93.

Funding for the Colorado Nursing Scholarship remained stable at \$220,800 in 1992-93. The Commission awarded 187 students an average of \$1,181 in 1992-93. The majority of Colorado Nursing Scholarship awards were made to first-time recipients (62.6%). As in the past, most recipients were female (88.8%). Ethnic minorities received 13.3% of the awards in 1992-93. Almost half (49.2%) of the recipients were pursuing a Baccalaureate degree, 42.2% were pursuing an Associate degree, and 9.2% were pursuing a Masters degree.

TABLE 1

PRIMARY SOURCES OF STUDENT FINANCIAL AID IN COLORADO - 1992-93

	ALL RECIPIENTS	RESIDENT RECIPIENTS	NONRESIDENT RECIPIENTS
COLORADO STUDENT AID PROGRAMS			
Need Based Aid	\$13,827,426	\$13,827,426	\$0
Work Study	\$9,784,793	\$9,784,793	\$0
Merit Based Aid	\$10,160,069	\$9,177,212	\$982,857
Required Federal Match	\$1,312,341	\$1,312,341	\$0
Law Enforcement/POW Tuition Assistance	\$22,707	\$22,707	\$0
Nursing Scholarships	\$220,791	\$220,791	\$0
Native American Tuition Assistance	\$1,862,001	\$1,862,001	\$0
TOTAL STATE FUNDS	\$37,190,128 7.4%	\$36,207,271	\$982,857
FEDERAL STUDENT AID PROGRAMS			
Pell Grants	\$82,610,948	\$72,458,263	\$10,152,685
College Work Study	\$8,891,566	\$6,812,454	\$2,079,112
Supplemental Educational Opportunity Grant	\$8,016,902	\$5,058,347	\$2,958,555
Perkins Loans	\$15,248,396	\$11,187,886	\$4,060,510
Paul Douglas Teacher Scholarship	\$210,000	\$210,898	(\$898)
State Student Incentive Grant	\$987,675	\$901,936	\$85,739
Other Federal	\$9,911,109	\$5,820,180	\$4,090,929
TOTAL FEDERAL FUNDS	\$125,876,596 24.9%	\$102,449,964	\$23,426,632
LOANS			
Guaranteed Student Loans	\$167,719,071	\$131,292,603	\$36,426,468
SLS/PLUS	\$73,191,654	\$49,869,615	\$23,322,039
Other Federal Loans	\$707,752	\$614,532	\$93,220
TOTAL LOANS	\$241,618,477 47.8%	\$181,776,750	\$59,841,727
OTHER			
Institutional Scholarships	\$59,268,501	\$31,196,110	\$28,072,391
Institutional Employment	\$15,951,526	\$10,302,494	\$5,649,032
Outside Scholarships/Loans	\$25,757,155	\$8,601,658	\$17,155,497
TOTAL OTHER FUNDS	\$100,977,182 20.0%	\$50,100,262	\$50,876,920
TOTAL AID 1992-93	\$505,662,383	\$370,534,247	\$135,128,136

TABLE 2 - STATE AID APPROPRIATIONS FY 1982-1993

State Programs: Total Appropriations (from Long Bills including supplementals)

Year	Need-Based Grants	Work Study	Merit-Based Awards	Total Need Work, Merit	Federal Match	Veterans Tuit Asst.	Law/POW Tuit Asst.	Native Amer. & Other	Total State Aid	% Change State Aid
1982-83	\$5,975,381	\$4,729,087	\$6,917,411	\$17,621,879	\$1,106,824	\$296,424	\$900	\$0	\$19,026,027	23.24%
1983-84	\$6,368,807	\$6,200,521	\$7,390,399	\$19,959,727	\$940,022	\$318,000	\$1,500	\$0	\$21,217,249	11.52%
1984-85	\$7,440,163	\$6,669,226	\$7,440,163	\$21,549,552	\$1,293,963	\$225,000	\$2,000	\$0	\$23,070,515	8.73%
1985-86	\$8,021,185	\$7,145,054	\$7,784,782	\$22,951,021	\$1,227,133	\$119,983	\$5,500	\$0	\$24,303,637	5.35%
1986-87	\$8,289,155	\$7,412,946	\$8,367,980	\$24,070,081	\$1,186,549	\$99,000	\$8,650	\$506,086 (1)	\$25,870,366	6.45%
1987-88	\$8,043,902	\$7,204,628	\$8,132,796	\$23,381,326	\$1,205,849	\$60,000	\$14,965	\$1,255,690	\$25,917,830	0.18%
1988-89	\$8,348,724	\$7,460,952	\$8,440,988	\$24,250,664	\$1,205,849	\$25,000	\$15,653	\$1,251,982 (2)	\$26,749,148	3.21%
1989-90				\$25,480,725	\$1,205,849	\$15,000	\$20,747	\$1,514,089 (2)	\$28,236,410	5.56%
1990-91	\$11,033,697	\$9,552,181	\$9,662,922	\$30,248,800	\$1,205,849	\$15,000	\$20,747	\$1,613,612 (2)	\$33,104,008	17.24%
1991-92	\$12,783,697 (3)	\$9,302,181	\$9,662,922	\$31,748,800	\$1,205,849	\$15,000	\$20,747	\$1,827,893 (2)	\$34,818,289	5.18%
1992-93	\$13,833,697 (3)	\$9,872,181	\$10,112,922	\$33,818,800	\$1,290,849	\$15,000	\$20,747	\$2,082,801 (2)	\$37,228,197	6.92%
1993-94	\$17,833,697 (4)	\$10,132,181	\$10,302,922	\$38,268,800	\$1,510,849	\$15,000	\$20,747	\$2,419,727 (2)	\$42,235,123	13.45%

(1) Merit-Based Program for Teachers and first year of Native American Tuition Assistance

(2) Includes Nursing Student Grants and Grants to Students at Private Schools.

(3) Includes \$500,000 designated for part-time students

(4) Includes \$750,000 designated for part-time students